



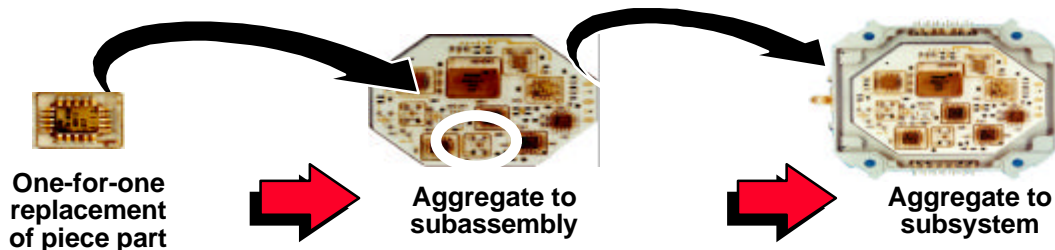
ARMY ACQUISITION REFORM



Issue 73

11 February 1998

The AN/ARC-210 Aircraft Radio -- A MTS Success Story



The *Modernization Through Spares (MTS)* initiative is an integral part of the AN/ARC 210 improvement program. Production and spares procurements are linked within the performance based procurement approach. The government and contractor Integrated Product Team shared risk and responsibility, negotiating a contract for a reliability improvement warranty which included a 120 percent MTBF growth. The contract required the government to reduce the level of configuration control and established the contractor as the system's repair depot. Financial incentives to the contractor included a 5 year fixed price warranty on all units and incentives for exceeding MTBG guarantees. The results (see chart below) include a 25 percent reduction in unit costs, elimination of non-value added military specifications, technology insertion, increase in MTBF of more than 120 percent and configuration control by the contractor.

Initiative	Fielded	Upgrade
• Procurement Unit Cost	100%	75%
• Maintenance Cost Per Flight Hour	\$6.00	\$3.59 (-40%)
• Mean Time Between Failure (MTBF)	500 Hours	807 Hrs (+160%)
• Repair Turnaround Time		30 Day (Guaranteed)
• Technology	Obsolete Parts	Commercial
• Configuration Control	Government	Contractor
• Depot	Organic	Commercial
• Warranty	--	5 Yr (FFP)
• Spares Supply	Government	Contractor